

## Message Text

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C O N F I D E N T I A L STATE 064315

FOL REPEAT NEW DELHI 3590 ACTION SECSTATE INFO BOMBAY 10 MAR.

QUOTE

NEW DELHI 3590

E.O. 11652: GDS

TAGS: TECH, ENRG, PFOR, IN, US

SUBJECT: NRC HEARINGS ON TARAPUR FUEL SUPPLY

REFS: STATE 056698, STATE 053474, STATE 053545

1. JOINT SECRETARY FOR THE AMERICAS TEJA CALLED IN THE DCM ON MARCH 9 TO DISCUSS THE TARAPUR EXPORT LICENSE ISSUE. J.C. SHAH, CHAIRMAN OF THE INDIAN ATOMIC POWER AUTHORITY, WAS ALSO PRESENT, HAVING BEEN SUMMONED TO DELHI TO CONSIDER THE ISSUE WITH MEA.

2. TEJA SAID THAT THE GOI WAS WORRIED ABOUT DELAYS IN THE APPROVAL OF EXPORT LICENSES FOR TARAPUR NUCLEAR FUEL. HE SAID THAT THE GOI ASSUMED THAT THE DEPARTMENT OF STATE WOULD DO EVERYTHING POSSIBLE TO EXPEDITE ISSUANCE OF THE LICENSES. HE ASKED WHAT THE EMBASSY COULD TELL HIM ABOUT PROSPECTIVE HEARINGS AND THE DATE BY WHICH AN EXPORT LICENSE COULD BE ISSUED.

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3. DRAWING ON REF (A) THE DCM DESCRIBED THE PROCESS BY WHICH EXPORT LICENSES ARE BEING CONSIDERED AND INCLUDING PUBLIC INTERVENTION FOR HEARINGS. DRAWING FROM THE MARCH 5 LETTER FROM THE NRC TO THE DEPARTMENT, THE DCM DESCRIBED THE MANNER IN WHICH THE NRC WAS HANDLING PUBLIC INTERVENTION AND INFORMED TEJA THAT THE COMMISSION HAD SUGGESTED THE GOVERNMENT OF INDIA BE INFORMED OF THE NRC'S INTENDED COURSE OF ACTION AND OF NRC'S WILLINGNESS TO ENTERTAIN ANY VIEWS ON ISSUES RAISED THAT THE GOI MIGHT WISH TO EXPRESS. TEJA WAS GIVEN A COPY OF THE LETTER AS WELL AS A SUMMARY OF ISSUES RAISED BY THE INTERVENORS TAKEN FROM REF B.

4. AFTER CONSIDERING THE INVITATION TO THE GOI TO PRESENT ITS VIEWS AND THE STATE OF PLAY AS DESCRIBED IN THE NRC'S LETTER, TEJA MADE TWO COMMENTS. FIRST, HE SAID THAT THE GOI WAS STILL CONSIDERING THE INVITATION TO COMMENT. IT WAS HIS PRELIMINARY VIEW, HOWEVER, THAT THE CURRENT ASPECT OF NRC'S CONSIDERATION OF THE EXPORT LICENSES WAS A MATTER INTERNAL TO US GOVERNMENTAL PROCESS AND IT MIGHT NOT BE PROPER FOR THE GOI TO PARTICIPATE. FOR EXAMPLE, HE SAID, MANY OF THE ISSUES, E.G. INDIAN NONPARTICIPATION IN NPT, WERE NOT DIRECTLY RELATED TO INDIA'S APPLICATION FOR FUEL FOR TARAPUR IN ACCORDANCE WITH BILATERAL AGREEMENTS WITH THE USG. HE QUESTIONED WHETHER THE GOI WOULD BE WELL ADVISED TO ENTER INTO POSSIBLE DISCUSSION OF SUCH ISSUES. THE DCM INDICATED, HOWEVER, THAT QUESTIONS OF THE DEADLINE BY WHICH THE LICENSES MUST BE ISSUED IN ORDER TO PREVENT A POWER SUPPLY CUT AND PHYSICAL SECURITY WERE MATTERS IN REGARD TO WHICH THE GOI COULD SPEAK WITH PARTICULAR AUTHORITY. TEJA, SECONDED BY SHAH, SAID THAT THE INDIAN EMBASSY HAD ALREADY PROVIDED THE NRC WITH DETAILED DATA SUPPORTING THE CONCLUSION THAT POWER PRODUCTION WOULD BE INTERRUPTED IN SOME WAY BY NEXT JANUARY IF NUCLEAR FUEL WAS NOT RECEIVED AT THE PROCESSING CENTER BY THE END OF MARCH.

5. SECOND, TEJA INQUIRED WHETHER IT MIGHT NOT BE POSSIBLE FOR THE NRC TO ISSUE THE TWO LICENSES CURRENTLY CONFIDENTIAL

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UNDER CONSIDERATION AND CONDUCT HEARINGS IN REGARD TO THE NEXT INDIAN APPLICATION FOR AN EXPORT LICENSE. THIS WOULD MAKE POSSIBLE CONTINUATION OF POWER PRODUCTION WITHOUT INTERRUPTION DESPITE THE HEARINGS, IF THEY ARE TO BE HELD. THE DCM CALLED TEJA'S ATTENTION TO PARAGRAPH 7(4) OF REF A WHICH APPEARED TO INQUIRE INTO JUST SUCH A POSSIBILITY. THE NRC, HOWEVER, WOULD MAKE A DISTINCTION BETWEEN THE TWO LICENSES BEING CONSIDERED

RATHER THAN BETWEEN THOSE TWO AND THE NEXT. IN THE GOI WISHED TO MAINTAIN THE LATTER DISTINCTION IT WOULD BE WELL FOR IT TO SUBMIT DETAILED DATA WHICH WOULD DEMONSTRATE THAT A DELAY IN ISSUANCE OF A SECOND LICENSE WOULD ALSO CAUSE AN INTERRUPTION OF POWER.

6. COMMENT: TEJA REPORTED THAT THE IAEC IS IN CLOSE COMMUNICATION WITH MEA ON THIS SUBJECT ("SETHNA CALLS ME EVERY DAY") AND ASKED THAT THE EMBASSY KEEP MEA INFORMED ON THE EXPORT LICENSE MATTER. TEJA'S APPROACH WAS ONE OF REASONED CONCERN. HE GAVE EVERY INDICATION THAT THE GOI WISHED TO WORK WITH THE USG ON THIS QUESTION IN WAYS IN WHICH IT COULD IN ORDER TO REACH A SUCCESSFUL CONCLUSION. HE SAID THAT HE HOPED TO EXPORT LICENSE ISSUE WOULD NOT BECOME INVOLVED IN THE CURRENT CONTROVERSY OVER US-INDIA RELATIONS; HE WAS DOING WHAT HE COULD TO PREVENT THIS FROM DEVELOPING IN THE INDIAN PRESS. THERE WERE ALREADY ALLUSIONS TO THE PROBLEM IN THE PRESS, HOWEVER, AND QUESTIONS WERE BEING ASKED. IF POWER WAS TO BE INTERRUPTED THE ISSUE WOULD BE VERY DIFFICULT TO CONTROL. DRAWING FROM REF C, THE DCM TOLD TEJA THAT THE US GOVERNMENT DID NOT CONSIDER THE EXPORT LICENSE ISSUE WAS RELATED TO CURRENT DIFFICULTIES IN OUR RELATIONS. THE EXECUTIVE BRANCH RECOMMENDATION TO THE NRC THAT THE APPLICATION BE APPROVED WAS EVIDENCE OF THIS. IN MAKING THIS RECOMMENDATION, THE DEPARTMENT CONSIDERED IT HAD MET ITS OBLIGATIONS TO THE NPT.

7. TEJA'S APPROACH WAS CONSIDERABLY MORE CALM THAN THAT OF SETHNA (NEW DELHI 3214). NONETHELESS, HE EXPRESSED THE SAME URGENT CONCERNS AND THERE SEEMS TO BE LITTLE DOUBT THAT IF THE TARAPUR POWER SUPPLY

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IS INTERRUPTED THERE WILL BE A PUBLIC CONTROVERSY IN INDIA WHICH MIGHT ENDANGER OUR RELATIONSHIP WITH THE GOI ON NUCLEAR MATTERS. THE EMBASSY HAS NOT YET BRIEFED TEJA ON OTHER NUCLEAR MATTERS UNDER DISCUSSION WITH SETHNA IN BOMBAY, ALTHOUGH WE PRESUME HE IS AWARE OF THEM. WE CONTINUE TO PREFER THAT THESE MATTERS BE DISCUSSED DIRECTLY WITH SETHNA AND HIS STAFF IN BOMBAY. WE WILL DISCUSS ONLY THE EXPORT LICENSE MATTER WITH MEA, ASKING BOMBAY TO KEEP THE IAEC INFORMED CONCURRENTLY.

8. THERE IS AN APPARENT INCONSISTENCY BETWEEN THE STATEMENT BY TEJA AND SHAH THAT THE INDIAN EMBASSY HAS ALREADY GIVEN TO THE NRC DETAILED DATA REGARDING THE EFFECT OF A DELAY ON ISSUANCE OF THE LICENSE ON POWER

PRODUCTION AND STATE 057036 WHICH SUGGESTS THAT  
WASHINGTON'S MAJOR SOURCE OF INFORMATION IS BOMBAY'S  
TELEGRAMS AND THAT IS NOT SUFFICIENTLY DETAILED. WE WOULD  
LIKE TO BE ABLE TO INFORM MEA WHETHER OR NOT NRC HAS  
RECEIVED ADEQUATE DETAILED INFORMATION AND REQUEST  
URGENT ADVICE ON THIS POINT.  
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